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Growth Cools Off, Worker Protest Mounts


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By Cole Stangler

Labor strife is brewing in China. And it may well get worse with the country's economic slowdown.

"We see some pretty contentious protests going on in manufacturing factories that are either relocating or going under," says Kevin Slaten, program coordinator at [China Labor Watch](#) , a nonprofit that monitors labor rights. "And we seem to be seeing more of this."

The tightly controlled state media does not publish information about labor disputes and reports from independent sources are hard to verify. But the Hong Kong-based China Labour Bulletin, a nongovernmental organization, publishes a [log of worker strife](#) , which shows that this month, for instance, protests shook garment and electronics factories in the coastal province of Guangdong.


China's recent move to devalue its currency is designed, at least in part, to prop up export-oriented sectors of these sorts, making the country's goods more competitive against foreign-made products. But the minor adjustment is unlikely to solve the deeper structural problems facing manufacturing, especially in industries that rely on low-cost labor, says [Eli Friedman](#), an expert on Chinese labor at Cornell University's School of Industrial and Labor Relations.


"It's not going to make it any easier for underwear made in China to compete with Bangladesh or Cambodia," Friedman says. "The wages just aren't even close."

Higher land costs and new regulations also factor into the mounting costs of business, he says.

As they struggle against lower-cost competition, some Chinese factory owners have pulled back on their investments. And when that happens, workers can get left behind.

One of the biggest sources of recent labor strife, says Slaten from China Labor Watch, is when employers "up and leave" without compensating their employees. These disputes arise when owners close up shop or relocate in China without paying back wages, benefits or pension obligations. In these cases, the owners also sometimes neglect to pay severance based on seniority -- something that is mandatory under Chinese labor law.

The sorts of "defensive" strikes designed to recoup unpaid obligations from fleeing employers whose fortunes are on the decline stand in contrast to the more "offensive" protests in 2010 and 2011, Friedman says. He points to a [2010](#)  strike at a Honda plant as evidence of the latter. That work stoppage began when nearly 2,000 mostly young people walked off their jobs, seeking a larger slice of growing profits.

By contrast, when tens of thousands went on strike last year at a shoe factory in [Dongguan](#) , the dispute originated in the employer's nonpayment of social insurance obligations.

In spite of the recent uptick in strife, Chinese workers do not have basic labor rights. They are not allowed to form unions that are independent from the government.

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